

# Thorne HealthTech<sup>1</sup>

## Q1 2022 Financial Results

May 11, 2022

# Disclaimer

## Forward Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this presentation, including, without limitation, statements regarding the conditions of our industry, our future results of operations and financial position, business strategy, development plans, expected research and development costs, regulatory strategy, product and service development, sales and marketing activities, international expansion efforts, timing and likelihood of success, as well as plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “guidance,” “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this presentation include, but are not limited to, statements about: our business, business strategy, products and services we may offer in the future; our ability to increase brand awareness, attract and retain customers and sell additional products and services to new and existing customers; our ability to convert customers into recurring subscribers; our ability to develop new products and services or improve existing products and services; our future financial performance, including trends in net sales, costs of sales, gross profit, operating expenses and free cash flow; expectations about industry trends, such as a shift towards personalized healthcare and increasing demand for convenience; our ability to efficiently spend on advertising and marketing; our ability to maintain profitability; our ability to compete successfully in competitive markets and expand internationally; our ability to maintain relationships with key distributors, ingredient suppliers, health professionals, influencers and research institutions; our ability to respond to rapid technological changes; our expectations and management of future growth; expectations about legal and regulatory changes; our ability to attract and retain key personnel and highly qualified personnel; our ability to protect our brand and maintain our net promoter score (NPS); our ability to maintain key certifications, such as our National Sanitation Foundation (NSF) Certified Facility; our ability to maintain, protect and enhance our intellectual property, including our multi-omics database and trade secrets; restrictions and penalties as a result of privacy and data protection laws; our ability to successfully identify, acquire and integrate companies, technologies and assets; the increased expenses associated with being a public company; the outcome and impact of litigation, including litigation associated with the filings of intellectual property rights (IPRs); the timing and results of future regulatory filings; and other risks and uncertainties. We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations and prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements are current only as of the date of this presentation and are subject to a number of risks, uncertainties and assumptions described in the section titled “Risk Factors” and elsewhere in Thorne HealthTech's filings made with the Securities and Exchange Commission on Form 10-K and on Form 10-Q, and other SEC filings, copies of which are available free of charge on the SEC website at [www.sec.gov](http://www.sec.gov). Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

## Non-GAAP Financial Measures

To provide investors with additional information regarding its financial results, the Company has provided certain financial measures that are not recognized under U.S. generally accepted accounting principles ("GAAP") in this presentation, including: EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income and adjusted diluted earnings per share. The Company calculates EBITDA, a non-GAAP financial measure, as net income or loss excluding depreciation and amortization, interest expense and income taxes. The Company calculates adjusted EBITDA, a non-GAAP financial measure, by further excluding non-cash items for stock-based compensation expenses, change in fair value of warrant liability, loss on Drawbridge step acquisition, loss on Drawbridge transaction, guarantee fees and income or loss from equity in unconsolidated affiliates. Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue. The Company calculates adjusted net income, a non-GAAP financial measure, as net income or loss excluding (i) stock-based compensation expenses, change in fair value of warrant liability, loss on Drawbridge step acquisition, loss on Drawbridge transaction, guarantee fees and income or loss from equity in unconsolidated affiliates and (ii) utilizing an adjusted provision for income taxes based on the Company’s estimate of applicable statutory rates.

EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income and adjusted diluted earnings per share should be viewed as measures of operating performance that are supplements to, and not substitutes for, operating income or loss, net income or loss and other GAAP measures of income and loss. The Company has included EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income and adjusted diluted earnings per share in this presentation because they are key measures used by the Company’s management to evaluate and compare the Company’s financial and operational performance over multiple periods, identifying trends affecting the Company’s business, formulating business plans and making strategic decisions. In particular, the exclusion of certain expenses or income in calculating adjusted EBITDA and adjusted net income facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and certain non-recurring variable charges. In addition, the Company believes that providing each of EBITDA and adjusted EBITDA and adjusted net income, together with a reconciliation of net income or loss to each such measure, helps investors make comparisons between Thorne HealthTech and other companies that may have different capital structures, different tax rates and different forms of employee compensation. Each of EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income and adjusted diluted earnings per share has inherent limitations because of the excluded items, and may not be directly comparable to similarly titled metrics used by other companies.

The Company has not reconciled the forward-looking adjusted EBITDA and adjusted diluted earnings per share guidance included in this presentation to the most directly comparable GAAP measures because this cannot be done without unreasonable effort due to the variability and low visibility with respect to certain costs, the most significant of which are incentive compensation (including stock-based compensation), certain fair value measurements, acquisition transactions and integration, tax items and others that may arise during the year including any incremental costs related to the uncertainties caused by the global COVID-19 pandemic, which are potential adjustments to future earnings. The Company expects the variability of these items to have a potentially unpredictable, and a potentially significant, impact on our future GAAP financial results.

# Q1 2022 At a Glance

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**+22.9%**

Net sales growth over Q1'21

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**+33.0%**

Direct-to-consumer (DTC) net sales growth over Q1'21

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**46K+**

Number of health professionals in our network

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**64 NPS**

Net promotor score for Q1'22

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**6.2x LTV / CAC**

Q1'22 ratio for DTC customers

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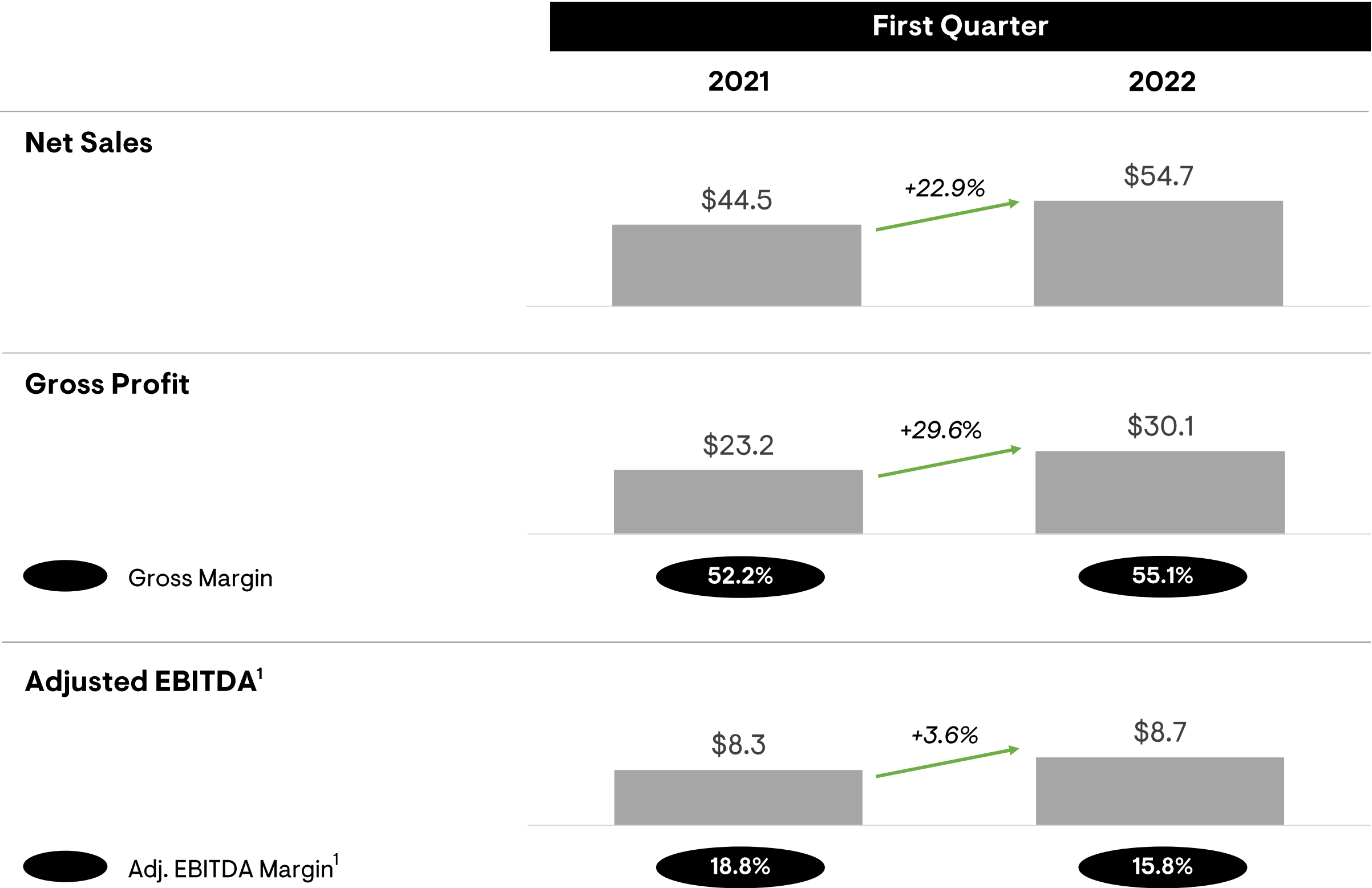
**+3.6%**

Adjusted EBITDA<sup>1</sup> growth over Q1'21

<sup>1</sup> See Appendix for reconciliations of non-GAAP measures to their most directly comparable GAAP measures

# Q1 2022 Results

\$ in millions



1 See Appendix for reconciliations of non-GAAP measures to their most directly comparable GAAP measures

# Q1 2022 Results – Continued

\$ in thousands, except per share amounts

	First Quarter	
	2021	2022
Net income attributable to common stockholders	\$ -	\$ 4,979
Undistributed earnings attributable to Series E convertible preferred stockholders <sup>1</sup>	4,706	-
Net income attributable to Thorne HealthTech, Inc.	4,706	4,979
Net loss – non-controlling interest	-	(268)
Net income	\$ 4,706	\$ 4,711
Adjusted EBITDA <sup>2</sup>	\$ 8,350	\$ 8,651
Adjusted net income <sup>2</sup>	\$ 6,373	\$ 6,552
Diluted EPS	\$ -	\$ 0.09
Adjusted diluted EPS <sup>2</sup>	\$ 0.36	\$ 0.12
Weighted average shares outstanding	17,650	56,625

<sup>1</sup> Effective September 22, 2021, the date of the Company’s IPO, all issued and outstanding shares of the Series E convertible preferred stock were converted on a one-for-one basis into shares of common stock

<sup>2</sup> See Appendix for reconciliations of non-GAAP measures to their most directly comparable GAAP measures

# Balance Sheet and Cash Flow

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**\$31.4M**

Cash as of Mar. 31, 2022

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**\$14.9M**

Used to acquire Nutrativa for  
dissolvable disc printing tech

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**\$2.3M**

Debt as of Mar. 31, 2022<sup>1</sup>

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**>2Q's Supply**

Of raw materials on-hand from  
advance purchases

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**\$(4.5M)**

Cash used in operations inclusive of  
advanced raw material purchases

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**\$15M**

New line of credit; no outstanding  
borrowings

<sup>1</sup> Debt balance wholly comprised of (i) \$1.5M of notes payable and (ii) \$0.8 million of finance lease liabilities  
<sup>2</sup> Under a revolving Line of Credit entered into on Apr. 8, 2022 as described in Thorne HealthTech's Form 8-K filing on Apr. 12, 2022

# Full-Year 2022 Guidance – Reaffirmed

	Low – High (\$ Range)	Low – High (Y/Y Growth Range)
Revenue	\$240 million – \$250 million	30% – 35%
Gross Margin	—	53% – 55%
Adj. EBITDA	\$30 million – \$35 million	46% – 70%
Adj. EPS	\$0.28 – \$0.30	3% – 11%

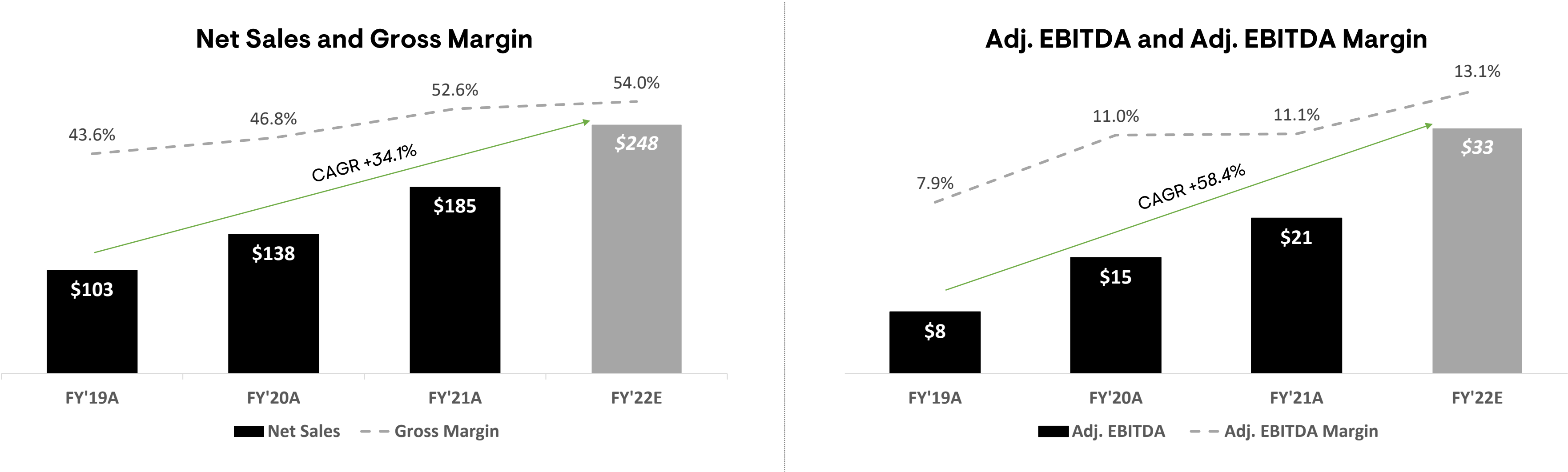
The Company's financial guidance assumes the following:

- Foreign exchange rates, the effects of which are currently not significant, will remain in effect throughout the year
- Sales attributable to the acquisition of Nutrativa are expected to contribute to between 1% and 2% of projected net sales growth for the year
- Marketing costs of between 16% and 18% of net sales; these costs are expected to be higher in the second and third quarters relative to the first and fourth quarters of the year due to the anticipated timing of certain brand campaigns which have typically resulted in incremental net sales both during and after such campaigns
- For adjusted net income and adjusted diluted earnings per share, guidance also assumes (i) an estimated full-year adjusted tax rate of 10% and (ii) diluted weighted-average shares outstanding of 62 million as of December 31, 2022
- While the Company expects that (i) advanced purchases of necessary raw materials for its products are sufficient to meet anticipated demand for the full-year and (ii) remaining costs for the construction of its new manufacturing and distribution facility in South Carolina will approximate forecasted amounts, the Company's guidance also assumes that existing global supply chain and inflation conditions do not further deteriorate.

# Net Sales, Adjusted EBITDA & Margin Growth

\$ in millions

The following illustrates the Company’s financial performance for FY’19 through FY’22 assuming it achieves the midpoints of its guidance ranges for each of net sales, gross margin and adjusted EBITDA<sup>1</sup>:



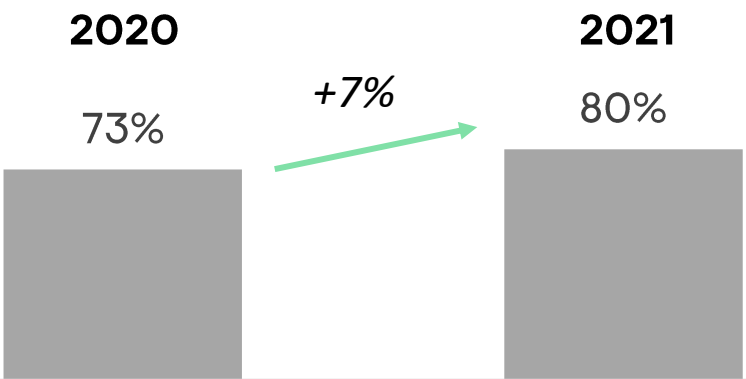
<sup>1</sup> See Appendix for reconciliations of non-GAAP measures to their most directly comparable GAAP measures



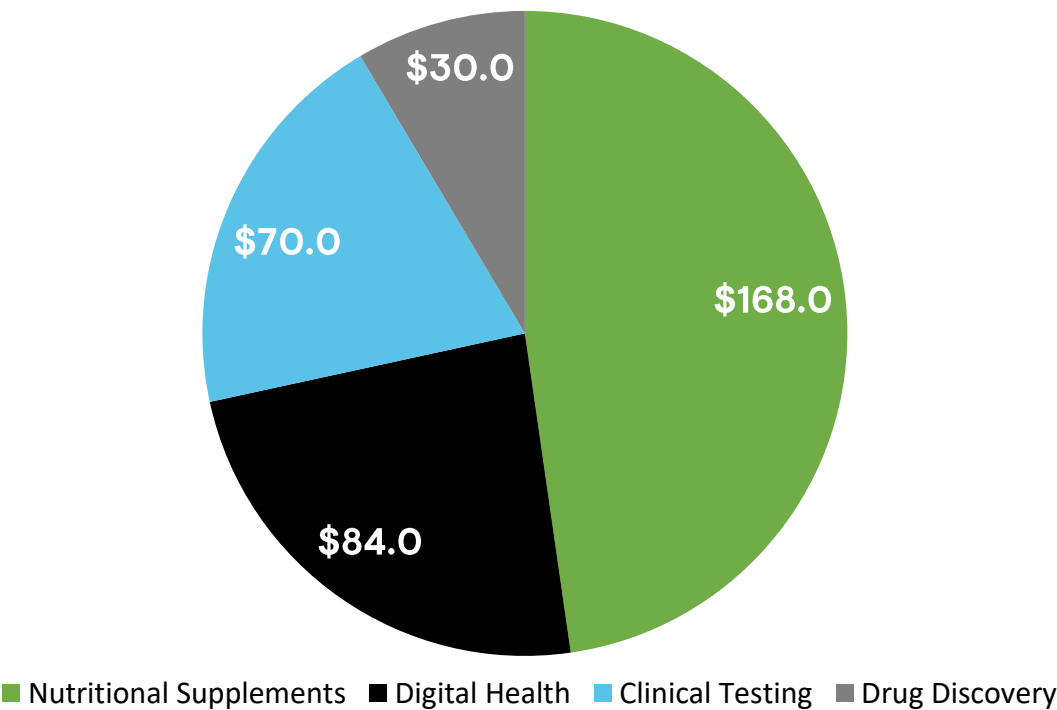
# Addressable Market & Strategies for Sustainable Growth

## Projected Market Growth

% of U.S. Population Taking Supplements<sup>1</sup>



Global TAM of \$350B with  
Estimated 9% CAGR from 2020-2025<sup>2</sup>



Above Market  
Growth  
Enabled By:

## Core Growth Strategies

*Grow Brand Awareness*

*Continue to Improve Personalization  
For a Better Consumer Experience*









*Launch New Products and Expand  
Content Offerings*

*Leverage Big Data and AI Capabilities  
to Expand Partnerships*

*Further Expand into International  
Markets*

1 Source: CRN Consumer Survey on Dietary Supplements  
2 Source: MarketsandMarkets, BCC Research, FNF Research

# Key Portfolio Launches and Campaigns for 2022

Brand Campaigns	<div>  <div> <b>Brand Campaign #1 (12 weeks)</b>            Redefining healthy aging by empowering people to live longer, healthier lives         </div> </div>		<div>  <div> <b>Gut Health Wipe</b>            First to market microbiome wipe         </div> </div>		<div>  <div> <b>Brand Campaign #2 (12 weeks)</b>            Focus on innovation/healthy aging with our new hero products         </div> </div>		<div>  <div> <b>Healthy Aging Conference</b>            2-day event to highlight the science of aging         </div> </div>	
	<div>  <div> <b>Kids + Multi</b>            Multi with blue light protection         </div> </div>		<div>  <div> <b>Thorne Kiosk</b>            Interactive, self-service kiosks in CrossFit gyms         </div> </div>		<div>  <div> <b>Daily Greens Plus</b>            Foundational greens with NR<sup>1</sup> for endurance and focus         </div> </div>		<div>  <div> <b>Thorne Advisor</b>            1-on-1 chat for personalized product recommendations         </div> </div>	
Select Product Launches								
	Q2	Today		Q3		Q4		

1 Nicotinamide riboside

# OneDraw™ Device Surveillance Study Results

Large-scale surveillance study<sup>1</sup> conducted to demonstrate the application of the OneDraw™ device for use at home for unsupervised blood sample collection; results published in the Journal of Telemedicine and Telecare and summarized below:

**4K+**

Individual patients in the U.K.

**10K+**

Blood samples collected remotely at 3 mo. time point intervals

**95%**

Confidence evaluating low-high levels of SARS-CoV-2 virus antibody

**99.9%**

Successful independent lab sample processing

**76%**

Patients preferred over other common collection methods

**3+ Month**

Sample stability, with proprietary storage tech

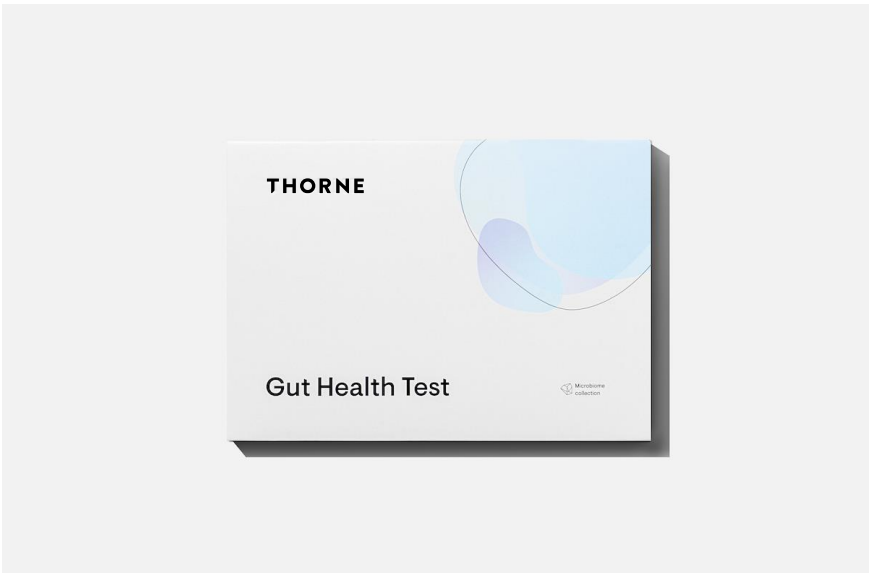


*The OneDraw device enables a standardized blood sample collection at home by participants themselves. Due to its ease-of-use and acceptability, the OneDraw device is particularly useful in telehealth approaches (Rennie et al., 2022).*

<sup>1</sup> Conducted by the Medical Research Council Epidemiology Unit, University of Cambridge, Journal of Telemedicine and Telecare (<https://doi.org/10.17863/CAM.82705><https://doi.org/10.1177/1357633X221093434>)

# Initial Gut Health Microbiome Wipe Study Results

Initial study validates performance of novel wipe-based stool microbiome collection method compared to commercially available DNA preservation kits; results accepted by Frontiers in Immunology on May 3, 2022 and summarized below:



**72 Samples**

Underwent metagenomic sequencing & analysis

**96%+**

Correlation to results of commercially available kits

**99%+**

Taxonomic abundance relative to commercially available kits

**RT Stability**

Microbioata composition and stabilization maintained at both room temperature and freezing

*Collection process using proprietary polymer wipe similar to toilet paper and DNA stabilization solution improves user experience compared to traditional collection methods; relaunch of wipe-based gut health test in May 2022*

# Appendix

# Reconciliation of Non-GAAP Measures

\$ in thousands

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
<b>Net (loss) Income attributable to common stockholders</b>	<b>\$ (688)</b>	<b>\$ (4,950)</b>	<b>\$ -</b>	<b>\$ (1,297)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 476</b>	<b>\$ 3,270</b>	<b>\$ 4,979</b>
Undistributed earnings attributable to Series E convertible preferred stockholders	-	-	3,577	-	4,706	(88)	553	(1,663)	-
Net (loss) Income attributable to Thorne HealthTech, Inc.	(688)	(4,950)	3,577	(1,297)	4,706	(88)	1,029	1,606	\$ 4,979
Net (loss) income - non-controlling interest	(489)	(198)	584	(493)	-	(245)	(78)	(86)	(268)
<b>Net (loss) income</b>	<b>\$ (1,177)</b>	<b>\$ (5,148)</b>	<b>\$ 4,161</b>	<b>\$ (1,790)</b>	<b>\$ 4,706</b>	<b>\$ (333)</b>	<b>\$ 951</b>	<b>\$ 1,521</b>	<b>\$ 4,711</b>
<b>Reconciliation to Adjusted EBITDA:</b>									
Depreciation and amortization	947	947	958	1,445	985	1,277	1,067	1,124	1,342
Interest expense, net	618	245	(138)	401	283	81	29	57	30
Income tax expense	1	80	48	48	41	3	79	289	33
<b>EBITDA</b>	<b>\$ 388</b>	<b>\$ (3,877)</b>	<b>\$ 5,029</b>	<b>\$ 104</b>	<b>\$ 6,015</b>	<b>\$ 1,028</b>	<b>\$ 2,126</b>	<b>\$ 2,991</b>	<b>\$ 6,116</b>
<b>EBITDA margin</b>	<b>1.2%</b>	<b>-12.8%</b>	<b>13.0%</b>	<b>0.3%</b>	<b>13.5%</b>	<b>2.4%</b>	<b>4.4%</b>	<b>6.0%</b>	<b>11.2%</b>
Stock-based compensation	3,073	5,327	1,396	241	511	24	891	3,129	2,009
Change in fair value of warrant liability	478	240	420	774	1,628	(318)	(2,213)	(970)	66
Loss on Drawbridge step acquisition	-	-	-	-	-	166	-	-	-
Loss on Drawbridge transaction	-	-	-	-	-	1,563	-	-	-
Guarantee fees	86	86	187	(116)	139	140	142	(84)	-
Loss from equity interest in unconsolidated affiliates	203	241	620	446	57	3,116	131	360	-
Acquisition costs	-	-	-	-	-	-	-	-	460
<b>Adjusted EBITDA</b>	<b>\$ 4,229</b>	<b>\$ 2,017</b>	<b>\$ 7,652</b>	<b>\$ 1,449</b>	<b>\$ 8,350</b>	<b>\$ 5,719</b>	<b>\$ 1,077</b>	<b>\$ 5,425</b>	<b>\$ 8,651</b>
<b>Adjusted EBITDA Margin</b>	<b>12.8%</b>	<b>6.6%</b>	<b>19.7%</b>	<b>4.0%</b>	<b>18.8%</b>	<b>13.3%</b>	<b>2.2%</b>	<b>10.9%</b>	<b>15.8%</b>

# Reconciliation of Non-GAAP Measures – Continued

\$ in thousands, except per share amounts

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
<b>Reconciliation to Adjusted Net Income:</b>									
Net (loss) income	\$ (1,177)	\$ (5,148)	\$ 4,161	\$ (1,790)	\$ 4,706	\$ (333)	\$ 951	\$ 1,521	\$ 4,711
Income tax expense	1	80	48	48	41	3	79	289	33
Stock-based compensation	3,073	5,327	1,396	241	511	24	891	3,129	2,009
Change in fair value of warrant liability	478	240	420	774	1,628	(318)	(2,213)	(970)	66
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Loss on Drawbridge transaction	-	-	-	-	-	1,563	-	-	-
Guarantee fees	86	86	187	(116)	139	140	142	(84)	-
Loss from equity interest in unconsolidated affiliates	203	241	620	446	57	3,116	131	360	-
Acquisition costs	-	-	-	-	-	-	-	-	460
Adjusted net income before adjusted income tax expense	2,664	826	6,832	(397)	7,082	4,361	(19)	4,244	7,280
Adjusted income tax expense	266	83	683	(40)	708	436	(2)	424	728
<b>Adjusted net income</b>	<b>\$ 2,398</b>	<b>\$ 743</b>	<b>\$ 6,149</b>	<b>\$ (357)</b>	<b>\$ 6,373</b>	<b>\$ 3,925</b>	<b>\$ (17)</b>	<b>\$ 3,820</b>	<b>\$ 6,552</b>